FLEXIBILITY AND SECURITY WITHIN EUROPEAN LABOR MARKETS: THE ROLE OF LOCAL BARGAINING AND THE "TRADE-OFFS" WITHIN MULTINATIONALS' SUBSIDIARIES IN BELGIUM, BRITAIN, AND GERMANY

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In this comparative qualitative study, the authors examine how local bargaining shapes the trade-off between labor flexibility and employment security policies in four multinational subsidiaries in Belgium, Britain, and Germany. They also consider whether and how union power to shape flexibility and security policies is affected by national institutions, the way that multinationals organize their subsidiaries, and local contextual factors. Findings support this multilevel, interdependent framework. Trade-offs are shaped by differences in workers' structural power in specific local subsidiaries. Differences in inter-subsidiary organizational configurations, markets, and technologies modify how unions can leverage collective resources to wield power in their relationship with management.

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Theoretical contributions regarding the functioning of European labor markets emphasize the possibility of reconciling labor flexibility and employment security (flexicurity). Labor flexibility refers to the ability of firms to have greater control over staffing decisions (hiring and firing, work hours, and use of nonstandard contracts) than does labor. Employment laws in some European countries more than in others have allowed, although not without controversy, labor flexibility and employment security to be viewed as mutually supportive labor market components (Wilthagen and Tros 2004) leading to win-win solutions that further the interests of workers and employers (Keune and Serrano 2014). Denmark is considered the prime European example of flexicurity. Employers have considerable discretion to dismiss workers as needed, unemployment benefits ensure that workers maintain their income value while unemployed, and active labor market policies provide resources for re-employment (Jørgensen and Madsen 2007). In the early 2000s, the EU adopted flexicurity as the centerpiece of its approach to labor market regulation, and in the economic crisis of 2008 it became a key instrument for stimulating job growth and recovery (European Commission 2012).

Distinct national institutional settings and legal frameworks enable or constrain the development of labor market policies designed to create optimal conditions for labor flexibility while offering financial and social security to employees (Bekker and Wilthagen 2008). Recent research has gone beyond the national level to highlight sector- and company-level governance mechanisms that also influence the definition of flexible and secure employment. This research argues that the effectiveness of any flexicurity strategy followed by national governments depends on institutional variation at the sector- and company-level (Crouch and Keune 2012).

Research at the sectoral and company levels, however, is underdeveloped. Studies that reconcile flexibility and security tend to focus on questions of whether institutional preconditions lead to specific socioeconomic outcomes. Our understanding of the socio-political dynamics governing these institutions and their transformation is, however, weak. (Baccaro and Howell 2011). Moreover, although distinct features of national regulatory settings are important explanatory variables, they are static and do not reflect institutional change (Doellgast 2008). This trend is because the decline in union density and bargaining coverage as well as increasingly varied employer strategies are weakening the causal relationship between national institutions and outcomes. A more nuanced understanding of how national-institutional settings interact with firm-level sociopolitical forces is therefore required. Company-level studies allow researchers to take into account power relations (Crouch 2005). This consideration is relevant for the study of flexicurity as related outcomes depend on the social partners' bargaining power embedded in the evolution of power relationships within a company. In addition, when labor relations are conceptualized as multilevel relationships (Keune and Marginson 2013), flexicurity studies should take into consideration how institutional- and firm-level contexts interact and how sociopolitical and socioeconomic forces at different levels shape this interaction. This interaction involves exploring the forces that shape flexicurity policy interventions within companies and understanding their social implications. These considerations are central to this article. By viewing flexibility and security as the result of the bargaining activity within the contested terrain of the company, we focus on explaining how particular flexibility and security outcomes are produced by understanding the power forces influencing local negotiations. This aspect is neglected in the relatively limited literature on company-level flexicurity, which presents flexibility and security primarily as the result of HRM strategies (Rydell and Wigblad 2011).

Our empirical research focuses on subsidiaries of multinational companies (MNCs) and explores two questions. First, how does local bargaining within MNC subsidiaries influence flexibility–security trade-offs? Second, to what extent and how do macro-level institutions interact with the subsidiary level to provide social actors with the capability to negotiate over flexibility and security?

We examine how local actors negotiate flexibility and security at MNC subsidiary level within different institutional environments, assessing how and to what extent institutions affect local unions' ability to protect employee interests. We demonstrate that although flexibility and security arrangements are rooted in national institutions, local practices evolve out of a series of negotiated compromises and power relationships rather than as the consequence of management strategy or institutions at large. Particularly, flexibility–security outcomes are shaped primarily by differences in workers' structural power at the level of each subsidiary. This suggests a dynamic view on how institutional arrangements influence flexicurity while indicating that power relationships can contribute to a more fine-grained understanding of contemporary labor markets phenomena, thereby enriching discussions on the policy implications thereof.

We focus on MNCs as key players in the European economy, and they have been shown to steer the direction of change in national employment systems. They represent the best context for exploring the dynamic framework shaping interaction between local contexts and nation states (Edwards, Marginson, and Ferner 2013). We compare flexicurity negotiations in 12 manufacturing subsidiaries of four MNCs located in Belgium, Britain and Germany (i.e., a subsidiary of each MNC in each country). We distinguish between micro- and macro-level effects on subsidiary-level flexibility–security outcomes, and focus on four subsidiary-level variables: market competition;

technology; nature of the product; and form of inter-subsidiary dependencies or integration; and one macro-level institutional variable: the national collective bargaining system.

Defining Flexibility–Security Trade-Offs

Building on the concept of "distributive" and "integrative" bargaining defined by Walton and McKersie (1965), Ibsen and Mailand (2011) distinguished between "compensated" and "not compensated" trade-offs when examining sector-level bargaining and flexicurity in Denmark, Spain, and Britain. According to this concept, the concessions contained in some local agreements are compensated for through payments or other benefits for workers. Local unions may accept increases in flexibility in exchange for workforce security. By contrast, in situations of non-compensated trade-offs, increased flexibility does not include enhanced security. Building on the concepts of compensated and not compensated concessions, we define our dependent variable as the flexibility–security trade-off at the MNC subsidiary level. These trade-offs can be either "balanced" (flexibility and security are compensated equitably for the benefit of both sides), or "unbalanced" (benefiting one side more than the other).

To frame our outcome of interest, however, we need to understand the sources of inter-subsidiary variation in local bargaining and their effect on flexibility–security trade-offs, within and across different MNC subsidiaries. We identify how MNCs and their subsidiaries are configured, and we characterize the institutional and local contexts in which they operate, in order to identify how organizational factors interact with societal factors such as national institutions (Mueller 1994). We argue that the mix of national institutions, organizational configurations and strategy, and contextual subsidiary-specific factors shape the way employment policy and practices are

developed within MNCs (Edwards 2011). These factors also affect union bargaining power and influence.

The notion of power is central to our understanding of flexibility–security trade-offs. We use power as a relational concept. As Held (1995: 170) argued, "power expresses at one and the same time the intentions and purposes of agencies and institutions and the relative balance of resources they can deploy with respect to each other." Moreover, the power resources approach (Korpi 2006) suggests that workers' power is rooted in a context characterized by the presence of structural power (Wright 2000). Such power stems from workers' strategic positions and locations within occupational, industrial, and local labor market structures. Hence, environmental factors such as company- and local-level conditions influence workers' structural power. Industrial relations processes and outcomes are determined by the constantly evolving interaction of environmental pressures and organizational responses. We associate the concept of unbalanced (not compensated) and balanced (compensated) trade-offs to Wright's (2000) definition of structural power to explain how those trade-offs occur. We identify four outcomes or flexibility–security trade-offs and propose that these outcomes will be shaped by MNCs' local contextual factors and organizational configuration:

1. *Negative balanced trade-offs* refer to situations in which the balanced nature of the trade-off is achieved despite workers being in a relatively weak position on account of their low structural power (negative), preventing them from leveraging power through the unions. Hence, flexibility and security are compensated through concessions, i.e., labor is forced to concede flexibility for security.
2. *Positive balanced trade-offs* refer to situations in which the balanced nature of the trade-off is achieved through workers having a high level of structural power (positive), enabling

them to leverage power through the unions, translating into security guarantees. Flexibility and security are compensated through consensual negotiation, implying that labor is not forced to make concessions.

3. *Negative unbalanced trade-offs* refer to situations in which the absence of compensatory mechanisms is the result of labor's weak structural power (negative), giving management the ability to impose flexibility.
4. *Positive unbalanced trade-offs* refer to situations in which the non-compensation of flexibility and security results from labor's high structural power (positive), giving the workforce the ability to impose security.

Influence of Market Competition, Technology, and the Nature of the Product

Building on Wright's (2000) concept of workers' structural power, we can be argue that the degree of market competition and technology are directly related to it. Bélanger (2006) illustrated how technology can offer a more or less favorable ground for employees' control over work by affecting their capacity to gain autonomy and power in the execution of their work. The use of simple technology, with a high degree of rationalization and homogenous production processes, provides few opportunities for work autonomy and control, and results in low structural power, whereas the use of complex technology grants greater operational autonomy, and thus higher structural power.

Furthermore, technology is associated with different product markets and levels of competition. Bélanger and Edwards (2007) explained that low levels of technology and simple production processes encourage imitation, leading to greater competition. By contrast, using sophisticated technology to produce differentiated or customized products is less likely to encourage imitators,

as they are discouraged by the production complexity involved and the high investment needed to enter the market.

Similarly, looking at MNC subsidiaries, Edwards (2011) argued that local workforce autonomy would be higher when products are differentiated, as this requires locally specific elements in production design, work organization, and workforce management. Thus, when markets are more predictable and stable—as is the case with workplaces facing low competition and using high-tech facilities to manufacture differentiated products—management can afford to offer security. This outcome is an important one for workers who, in turn, are more likely to develop stronger ties to the company and to be more open to compromises. Moreover, competitive pressure interacts with choice, discretion, and power on the part of labor and management to affect the course and structure of industrial relations systems. Within those, high market competition possibly leads to tight plant-level management control systems (Brown, Bryson, and Forth 2009), in turn curtailing union bargaining power as a result of reduced workers' structural power.

> Proposition 1:
>
> 1a) Negative trade-offs are more likely to occur when market competition is high and companies produce standardized goods using simple technologies, as these reduce workers' structural power.
>
> 1b) Positive trade-offs are more likely when market competition is low and companies produce differentiated goods using complex technologies, as these enhance workers' structural power.

Inter-Subsidiary Dependencies

Inter-subsidiary dependencies refer to the way multinationals link up their operations (subsidiaries) across borders. The literature refers to international integration (Boxall and Purcell 2011) to denote different company strategies and configurations, including the extent to which MNCs integrate

operations across countries or allow them to operate more independently. Moreover, integration describes how HRM practices are organized internationally (Edwards, Marginson, and Ferner 2013).

Interdependencies between MNC subsidiaries take two forms: vertical (segmentation) and horizontal (replication) (Edwards and Ferner 2002). With vertical integration, the national subsidiary is a distinct segment of an interdependent production process and has specific roles. Each operating unit is responsible for a certain production step, thereby creating synergies across subsidiaries. By contrast, horizontal integration means that local operations perform similar functions, characterized by comparable technology and job profiles. Any expansion is realized by replicating what is done in other countries (Edwards 2011).

Studies have examined inter-subsidiary dependencies and the structuring of employment relationships within MNCs (Marginson 1992; Marginson, Lavelle, Quintanilla, Adam, and Sanchez-Mangas 2013). Although no causal relationship exists, greater interdependency is associated with formal structures for regulating employment relations, such as international policymaking bodies (Tregaskis, Glover, and Ferner 2005). As Marginson (1992) argued, higher inter-plant dependencies can make MNCs vulnerable to national and local bargaining pressure from trade unions. This outcome is typical of situations in which inter-subsidiary dependencies are assured through vertical integration, where inter-plant synergies depend on an undisrupted exchange of parts and knowledge. Recalling Wright's concept of structural power, "inter-subsidiary dependency via segmentation may *offer to workers a strategic position which could constitute instances of structural power enabling to* enhance the potential for industrial action by workers in one part of the business to have major repercussions elsewhere in the company" (Marginson 1992: 537, emphasis added). Because of inter-subsidiary dependencies, vertical

integration can increase national subsidiaries' vulnerability to nationally based union action, helping to achieve compromises (balanced trade-offs) in local negotiations. Conversely, under horizontal integration, national subsidiaries' vulnerability to local union action may be reduced because of the absence of inter-subsidiary dependencies, weakening the scope to reach local compromises on flexibility–security trade-offs and leading to unbalanced outcomes.

> Proposition 2:
>
> 2a) A balanced trade-off is more likely when MNCS are more vertically integrated because of labor's ability to trade flexibility for security in local bargaining.
>
> 2b) An unbalanced trade-off is more likely when MNCs are more horizontally integrated because of labor and management being unable to trade flexibility for security in local bargaining.

Collective Bargaining Institutions

Examining players' behavioral patterns is important when we use new institutionalism theory to understand the impact of bargaining structures on locally negotiated flexicurity arrangements. Recent studies have shown that single-employer bargaining offers greater scope for employers to implement advantageous flexibility–security combinations compared to multi-employer bargaining, which conversely facilitates broader employee control of flexibility–security trade-offs (Marginson and Galetto 2014). This trend is because multi-employer arrangements (e.g., Belgium, Germany) are based on clear procedural rules linking sector and company levels, representing collective resources that may attribute bargaining power to unions in local negotiations on the basis of the universal coverage offered by sector-level agreements. By contrast, under single-employer bargaining (e.g., Britain) the procedural security offered by sector-level bargaining is missing, leading to a situation in which negotiation outcomes are more dependent on "local power imbalances." Moreover, whereas in Britain pay is an integral part of company-level

packages that typically also address flexibility, in Belgium this is much less the case than in Germany, where the capacity to derogate from sector-level agreements offers greater scope for local settlements.

Under multilevel bargaining, sectoral agreements particularly shape local negotiations in which the linkage between sector and company levels is achieved through delegation (Marginson and Galetto 2014). This type of delegation is the case in Belgium and Germany where sector-level agreements determine a wide range of issues, while allowing for additional local-level negotiations. In Belgium, however, the delegation principle provides a set of rules to be followed by management and unions when negotiating locally, restricting the possibility to deviate from (inter-)sector agreements. Employers' room to maneuver at workplace level is arguably reduced. By contrast, in Germany company-level agreements can derogate from sector agreements through opening or opt-out clauses, offering management scope to push through flexibility measures to which unions may feel forced to agree.

> Proposition 3:
>
> 3a) Multi-employer bargaining arrangements favor labor's ability to achieve security-enhancing (or flexibility-reducing) measures (positive trade-offs).
>
> 3b) Multi-employer bargaining arrangements with derogation favor employers' ability to achieve flexibility-enhancing (or security-reducing) measures (negative trade-offs) more than multi-employer systems without derogation.
>
> 3c) Single-employer bargaining favors management's ability to achieve flexibility-enhancing (or security-reducing) measures (negative trade-offs).

Research Design and Methodology

The study was conducted in MNC subsidiaries in the manufacturing sector during 2011–2012. Belgium, Britain, and Germany were the countries selected for the study. Union presence, as indicated by membership density, was at least 25%, and in 9 of the 12 subsidiaries, 70% or higher

(Table 3). We used a macro-micro approach, in which we define macro as national-level and micro as firm-level, as a core aim of model building in sociology is to examine the interaction between macro- and micro-level social phenomena contributing to shaping flexibility–security trade-offs (Coleman 1990). Motivated by theoretical considerations, we selected variables at macro- (Proposition 3) and micro-level (Proposition 1, 2) to study their impact on flexibility–security trade-offs at the subsidiary level. In so doing, we pave the way for a novel analysis of the power forces shaping flexicurity, considering intra- (and inter-) country variation. Macro-micro research particularly suits this scope since "researchers engaged in macro-micro research are not only interested in between-country differences but also in using context variables to explain within- and between-country variation" (Billiet 2013: 276).

We study subsidiaries of two U.S.-American and two French mechanical engineering MNCs in Germany, Belgium, and Britain, using a total of 12 cases. To avoid any headquarters bias, the multinational's country of origin does not overlap with the countries investigated. Although country of origin is a feature of the research design, we do not consider it a substantive variable of interest in the study. We focus on the impact of organizational configurations (e.g., inter-subsidiary dependencies or form of integration) and subsidiary-level contextual factors (e.g., market competition, technology, nature of the product) and institutional settings (e.g., collective bargaining) as theoretically selected variables shaping the flexibility–security trade-offs at workplace level. Within MNCs, we look at subsidiaries of the same business unit in each of the three countries. Hence, variation is created across, but not within, the MNC. Specifically, while subsidiaries in *Company1* and *Company2* feature standardized and rather simple (continuous) production processes and technology, subsidiaries in *Company3* and *Company4* produce highly specialized and diversified products. Also, while inter-subsidiary dependencies in *Company1* and

Company 4 reflect vertical integration, in *Company2* and *Company3* subsidiaries replicate operations. The cases were selected to enable 2-by-2 comparisons. Specifically, in the first step a 2-by-2 comparison based on technology (simple and complex), nature of the product (standardized and differentiated), and market competition (high and low) addresses Proposition 1. In a second step, a further comparison looks at variation within positive and negative trade-offs, illustrating the impact of the form of inter-subsidiary dependencies on these outcomes (Proposition 2). In a third step, we assess the extent to which (and how) macro-level institutions affect outcomes (Proposition 3). The variation in the subsidiary-level variables is illustrated in Table 1.

[Table 1 about here]

Data Description, Analysis, and Operationalization

The empirical data stem from 70 semi-structured interviews (90–120 minutes) and document analysis of 12 subsidiaries cases Because of the macro-micro approach, interviews were carried out at different levels. We interviewed European strategic management and European Works Council representatives as well as subsidiary-level HR managers and union and employee representatives (see Table A.1 in Appendix).

The interviews provided insights into day-to-day management practices and local negotiations (*inter alia* covering the recent economic crisis and periods of intensive restructuring). We conducted follow-up interviews in 2013. Fieldwork (extensive site visits and workplace observations) was supplemented by analysis of company documents, including collective agreements, corporate publications, press reports, and so forth. Interviews were conducted in the respondents' native languages, translated, and appositively transcribed by professional translators. We used NVivo to facilitate data analyses, especially in terms of coding and structuring the data.

The codebook used for data analysis was initially built on theory (Table 3) but evolved over time. Hierarchical nodes were used to stress the interrelatedness of the data, which means that practices corresponding to various forms of flexibility and security were hierarchically linked. For example, the code "working-time" consisted of various practices, such as working-time accounts, overtime, or flexible shift systems. Specifically, the regular addition of newly gathered data to the previously coded interviews led to the development of new nodes and the adaption of existing nodes (e.g., merging nodes that seemed to overlap or dividing nodes that were too broad). Such adaptations were stimulated by continuous discussions among research team members, ensuring the integration of multiple perspectives when working with the data. Triangulation improved validity and provided a comprehensive representation of the local bargaining processes. In this respect, we argue that validity in this study pertains to the accounts or conclusions reached by using a qualitative multi-case study comparative method in a particular context for a particular purpose, as defined by Maxwell (2012) as a "realist" approach to validity. Furthermore, multiple observer involvement in conducting the interviews helped with consistency and internal data reliability.

Flexicurity was operationalized by using the classification proposed by Wilthagen and Tros (2004), distinguishing different types of flexibility and security (Table 2). The practices in the right column belong to the flexibility and security dimensions. We examined these practices within subsidiary-level MNC contexts.

[Table 2 about here]

Findings

Impact of Market Competition, Technology, and the Nature of the Product on Flexibility–Security Trade-Offs

Table 3 summarizes the flexicurity practices negotiated at subsidiary level, linking them to the corresponding dimensions listed in Table 2. Furthermore, it illustrates how a cluster of specific local practices leads to subsidiary-level outcomes (trade-offs), which are distinctive to each multinational. The table also highlights nuances between the practices negotiated in different subsidiaries of the same multinational. By drawing on the findings, it also shows that flexibility–security outcomes are similar across subsidiaries within the same multinational.

[Table 3 about here]

Company1's and *Company2*'s subsidiaries operated in highly competitive markets, characterized by low levels of technology used to manufacture standardized products. All subsidiaries were particularly exposed to competition from emerging economies due to low market entry barriers and the simplicity of production processes and products, encouraging imitation. The mostly low-skilled production line workforces were predominantly engaged in repetitive tasks, which put them at risk of being replaced by workers on nonstandard contracts. This led to a constant threat of production relocation and to rapidly increasing flexibility and cost-competitiveness demands to safeguard each subsidiary's market position. Contextual market and technology factors as well as the nature of the product influenced workers' local bargaining power across subsidiaries, with workers being only minimally able to leverage power through unions. Although *Company1*'s brand name helped gain orders, according to local management the German subsidiary was close to bankruptcy in 2001 because of high production costs and low levels of flexibility. In negotiations on a restructuring plan, management threatened to close the plant, forcing the works council to agree to a 20% agency work quota and to implement cuts in non-statutory premiums such as shift premiums, reflecting wage flexibility. Working-time accounts and regularly changing working weeks of 28 to 42 hours depending on production volumes were implemented as forms of internal-

numerical flexibility (Table 3). This reduced employee control over working time, with staff having to come in when there was work to do, or stay at home when the workload was low, both at short notice and with the threat of being easily substituted by less-expensive solutions.

> *Many people worked the maximum 42h week, which is more than the industry average of 35h. We would hire people on temporary contracts; we would even pay overtime; we outsourced activities so it could work out. (Local HR manager, German subsidiary)*

When competitive pressure intensified for *Company1*'s Belgian subsidiary around 2005, management threatened to relocate production because of the high wages.

> *A long time ago we used to be competitive at about 1$ an hour. Now we are the most expensive plant within Company1. This means that unions have to sacrifice something if they want to retain jobs in this country. (Local HR manager, Belgian subsidiary)*

The local unions had to agree to a 20% quota of fixed-term contracts as a source of external-numerical flexibility to safeguard jobs. Moreover, they approved compensated working-time increases to be able to deal internally with workload fluctuations. In the British subsidiary, agency work (about 30% of the total workforce) was used primarily to deal with flexibility needs and cost pressure. Manual tasks in the plant could easily be transferred to agency workers, who were flexible, relatively inexpensive, and did not need much training. Furthermore, the night shift premium was cut (wage flexibility) and shift patterns were made flexible to reduce costly overtime during production peaks (see Table 3). Unions had to agree to cut overtime work and to increase external-numerical flexibility to guarantee the continuity of operations.

The reliance on a few large-scale customers (40% of revenues came from three customers) and the high number of potential suppliers placed *Company2*'s subsidiaries in a weak market position. Furthermore, the simple technology used for manufacturing standardized products within each subsidiary created scope for benchmarking by management, leading to continuous threats of

production relocation. Additionally, all the subsidiaries produced just-in-time, meaning that the required flexibility often came without any security in return, with customer contracts dictating flexible production and order quantities. Local unions had to continuously nod through new concessions while simultaneously guaranteeing cost reductions and labor flexibility to satisfy customer needs. In all subsidiaries, internal-numerical flexibility was strengthened by implementing flexible shift systems, and in Britain, overtime was frequently used. Germany and Belgium also introduced 15% quotas on temporary (agency) work to save costs and to accommodate fluctuations through external-numerical flexibility. The German subsidiary implemented a hidden wage cut with an unpaid 2.5-hour working time increase per week without commensurate compensation. Saturday was treated as a normal working day without premiums being paid. In Britain the training budget was cut, while in Belgium functional flexibility became more pronounced, requiring workers to perform work at a minimum of three different workplaces to raise the plant's adaptability in times of changing orders (see Table 3).

In summary, competitive pressure within a context of low technology and standardized products dominated local negotiations within the *Company1*'s and *Company2*'s subsidiaries, with workers entrapped by market competition and unable to leverage power through the unions. At the same time, local management focused on increasing flexibility and cutting costs to safeguard the continuity of operations, as illustrated in Table 3. Although various practices were negotiated across subsidiaries, they all focused on augmenting flexibility, thereby reflecting the low level of workers' structural power and leading to negative trade-offs across all subsidiaries.

By contrast, workers enjoyed a high degree of structural power in *Company3*'s and *Company4*'s subsidiaries. This power stemmed from the use of complex technology to manufacture differentiated and mainly custom-built products. Competition was low, as was the cyclical

influence of employment insecurity. All subsidiaries focused on long-term (public) orders guaranteeing financial stability. This aspect in combination with the market, product, and technology conditions allowed local management to offer security, an important aspect for the workers, who were also more open-minded about accommodating management's flexibility requests. These factors empowered local unions to put security on the bargaining agenda. Specifically, the German subsidiary's works council in *Company3* pushed for enhanced income security through a wage scheme upgrading the amounts set at sector level. Moreover, annual career development plans for all employees were negotiated to improve employability and to build up strong training- and career-related patterns. A greater focus was put on voluntary mobility for intercultural and vocational training purposes. Lifelong working-time accounts were implemented to accommodate possible workload peaks, as well as to give employees control over their working hours, with credited hours used for sabbaticals or early retirement, or to extend parental leave periods, for example. Likewise in Belgium, local unions and management agreed to allow long, compensated shifts at weekends to deal with peak workloads, but without forcing employees to work overtime. A voluntary inter-plant labor mobility system was introduced, helping to maintain job security. Management and unions consensually provided the necessary training and up-skilling that allowed rotations between different tasks, with the aim of retaining employees with specific technical skills. In Britain, complementary to group-wide training programs, unions locally negotiated further measures to ensure the workforce's continuous training and development in response to the plant's increased level of internal mobility. A detailed training plan for new hires was introduced. Use of external-numerical flexibility in *Company3*'s subsidiaries was overall generally low (see Table 3). Local unions expressed no need to negotiate temporary-work quotas

since local management stressed stability and skill retention independent of flexibility, a factor dictated by the scarcity of specific skills on the (local) labor market.

> *If you don't give staff a good contract, they'll quickly find another job, meaning we lose them. (Local union representative, Belgian subsidiary)*

Similarly, *Company4*'s subsidiaries put an emphasis on training and development. For example, the German works council negotiated apprenticeships and advanced vocational training opportunities. Functional flexibility was strengthened by voluntary labor mobility and job rotation to simultaneously enhance internal-numerical flexibility and provide employment stability. Alongside labor mobility, the local Belgian unions pushed management to offer permanent contracts to newly recruited skilled workers, implying a high degree of job and income security right from the start. In Britain, management demands for internal-numerical flexibility and job mobility were met with extensive training, which enabled the workforce to cope with changing (skill) requirements.

In summary, the low competitive pressure attributable to a limited number of competitors and strong market entry barriers, combined with the long-term character of orders and a predictable, technically complex business environment for the diversified products, were crucial factors giving workers a relatively high degree of control at *Company3* and *Company4*. As illustrated in Table 3, this strengthened union capacity to bargain for workforce security through various practices in local negotiations, resulting in a positive trade-off across all subsidiaries.

Variation within Positive and Negative Trade-Offs: Effect of Inter-Subsidiary Dependencies

Variation within the positive and negative flexibility–security trade-offs is accounted for by the way subsidiary operations are integrated. Each subsidiary in *Company1* performs a distinct part of

the production process in an integrated chain. The subsidiaries are responsible for ensuring a smooth flow of semi-finished products between the operating units in the global production network. The fact that *Company1*'s subsidiaries produce standardized products requiring simple technology enables management to benchmark between them, leading to cost and flexibility pressure. As shown earlier, although this undermines workers' power, the dependencies between the subsidiaries within the vertically integrated chain offer labor some scope with which to tackle flexibility pressure by bargaining concessions with local management under the threat of strike action. This scenario has helped unions trade off increased flexibility for short-term job security.

> *We agree to greater flexibility only under the condition that the employees will have greater security in return. If we give something to capital we want to have something back. Otherwise we go on strike. (European Works Council member, German subsidiary)*

In Germany, the works council traded acceptance of a 20% agency work quota for a short-term employment guarantee for the regular workforce. Furthermore, the regular workforce had to accept higher levels of working-time flexibility and lower pay premiums in exchange. In Belgium, unions negotiated a 20% quota of fixed-term work and overtime to cover production peaks internally to safeguard jobs. In Britain, the unions approved a 30% quota for agency workers in exchange for continuity of plant operations. In short, at each observed subsidiary in *Company1*, unions conceded different forms of flexibility (especially internal- and external-numerical) to gain security (see Table 3). The outcome is a "balanced" negative trade-off because of the concession dimension within a context of labor's weak structural power.

By contrast, the presence in different national markets of *Company2*'s subsidiaries performing similar operations resulted in strong flexibility pressure. Customers required their suppliers to deliver high-quality products flexibly, at low cost and just-in-time. Moreover, the fact that

Company2's subsidiaries manufactured standardized products facilitated benchmarking, allowing managers to compare production costs and flexibility levels across subsidiaries, leading to enormous pressure for flexibility under the constant threat of production relocation.

> *Pressure has increased over the last years. The customer wants to have a German product at Polish prices. The cost of a Polish engineer is only 1/3 that of a German engineer, meaning that you could have three Polish for one German engineer. (Local HR manager, German subsidiary)*

Local unions had to negotiate ways of improving the plant's adaptability because of customer requests for price cuts. This trend led to the implementation of flexible shift systems linked to product demand in Germany, Belgium, and Britain, thereby reducing workforce control over working time and job content. Furthermore, the use of atypical work increased, especially in Belgium and Germany, to cut costs and to increase flexibility levels. Finally, enormous cost pressure led to wage cuts in Germany and Britain. Overall, under a production system characterized by subsidiaries with similar roles, and within workplaces with relatively weak workers' structural power, the threat of production relocation pushed the local unions to accept high levels of flexibility without security in return (see Table 3), resulting in an unbalanced negative trade-off across subsidiaries.

The distinction between balanced and unbalanced trade-offs could also be observed in *Company3*'s and *Company4*'s subsidiaries. These subsidiaries manufactured differentiated products using high levels of technology, facing only limited competition. This configuration reduced the extent to which management could threaten to relocate production, while putting workers in a relatively strong bargaining position. The differentiated and mostly custom-built nature of the product inhibited inter-subsidiary comparisons by management across the horizontally integrated subsidiaries in *Company3* and enabled local negotiations on security

independent of flexibility. For example, in Germany, management agreed to financially support former apprentices going to university or technical college as a way of developing and retaining skilled workers. In Belgium, a wide-ranging training program was negotiated, and permanent employment was offered to skilled temporary workers after a short probationary period. In Britain, standardized internal promotion procedures were negotiated and formalized in a detailed assessment handbook covering competences and training. Moreover, the German works council rejected management's request to pay surplus hours into the workforce's working-time accounts, as this would have meant starting to work overtime again. The works council similarly opposed a higher quota of 40-hour employment contracts than allowed by the sector-level agreement to protect employees—especially those regularly working overtime—from long working hours. Although management in Belgium announced a 30% downsizing, the unions refused concessions on wages to avoid job losses, instead negotiating a working-time reduction and temporary unemployment to maintain workforce security. In Britain, the unions changed management's perception of temporary agency workers as a cost-saving flexibility buffer by negotiating higher wages and a career progression scheme (permanent contract after six months) for skilled agency workers. Thus, security was negotiated independent of flexibility (see Table 3), leading to an unbalanced positive trade-off across all subsidiaries.

By contrast, inter-subsidiary dependencies along the value chain in *Company4* increased the company's vulnerability to local bargaining pressure from workers and trade unions in a situation where management wanted to avoid production chain disruptions. Furthermore, workers' local bargaining power benefited from the fact that products were differentiated, decreasing the scope for benchmarking across the different operations.

> *There might be a limited possibility for benchmarking, but so far management has not resorted to it. This is very important because it avoids pitting workers in different countries against each other. (European Works Councilor, German subsidiary)*

In sum, vertically integrated subsidiaries within a context of differentiated products, high technology, and high skill levels have enabled workers and unions to achieve favorable local solutions with management, consenting to enhanced flexibility and security simultaneously. Unions concluded local agreements on training and career development to increase employment security, compensating for the flexibility provided by the workforce This move led to a balanced positive trade-off achieved in a climate of consensus in which management and unions were interested in protecting skilled workers (see negotiated security practices illustrated in Table 3). Hence, under positive trade-offs, balanced outcomes were achieved when inter-subsidiary dependencies were created through vertical links, meaning that workers could leverage inter-plant dependencies as instances for structural power to gain security. In the case of horizontal inter-subsidiary dependencies, security outweighed flexibility, leading to an unbalanced trade-off.

Collective Bargaining and Flexibility–Security Trade-Offs

Differences in national bargaining systems were reflected in locally negotiated flexibility and security practices, which created nuances regarding the subsidiaries' flexibility–security outcomes across (and within) companies.

The delegation characterizing Belgium's multilevel bargaining system provided a set of rules that management and unions had to follow in local negotiations. The difficulty to derogate from sector-level bargaining decreased management's discretion, since agreements had to be negotiated within the existing sector-level framework.

> *Belgian trade unions prefer to have national or sector-level collective agreements instead of company-level agreements because they set a general framework valid for all workers, no matter whether they work for very small, small or large companies. (Trade union official, Belgium)*

The Belgian sector-level agreement foresaw various internal-numerical flexibility measures to cope with fluctuating workloads, and the subsidiaries used them in the form of highly flexible shift systems. Though they could have used external-numerical flexibility measures for this purpose as well, the possibility to negotiate temporary unemployment schemes reduced the incentive to use agency or fixed-term work in the first place. These schemes enable companies to temporarily suspend employment contracts during difficult periods and thus retain staff. Unions were also in favor of these schemes since they simultaneously guaranteed workers' wages and secured their jobs. From an employer perspective, temporary unemployment is a flexible tool for coping with short-term economic difficulties that helps save costs and allows vocational training, pending economic recovery. Temporary unemployment helped unions bargain for security-enhancing measures for employees vis-à-vis managements' request for increased flexibility.

> *In Belgium, we have the advantage of job and income protection mechanisms that can be used at company level. We can put workers on temporary unemployment, and in such periods we can send people to training. This allows us to protect our workforce, but not every country does. (Trade union official, Belgian subsidiary - Company1)*

In Germany, internal-numerical flexibility measures related especially to working time. The respective opening clause in the sector-level agreement led to a variety of plant-level practices complementing and integrating the German state-provided security measures, for example, topping-up benefits for short-time working. In comparison to the temporary unemployment used in Belgium, short-time working in Germany operated alongside a variety of other locally negotiated flexibility practices, with the result that its overall security-enhancing effects were weaker. For instance, various forms of working-time accounts (with time horizons of six months,

two years, or lifelong), varying weekly working hours in line with orders, and flexible shift systems linked to production volumes were implemented in German subsidiaries. The resulting enhanced internal-numerical flexibility thus came in the shape of various working-time–related practices. Working-time flexibility was also pronounced in Britain. Within an institutional context where workers' collective resources depend on local power imbalances, British management was able to implement flexible shift systems and high overtime, resulting in enhanced flexibility across subsidiaries.

As illustrated in Table 3, in comparison with the MNCs' Belgian subsidiaries, the German and the British ones made relatively high use of external-numerical flexibility in the form of agency and fixed-term contracts. As indicated above, the availability of temporary unemployment schemes in Belgium decreased the incentive to use external-flexibility practices. This was not the case in Germany as, despite a short-time working scheme guaranteeing security, wider scope for locally negotiating flexible-enhancing practices was created. It allowed lower-level agreements to derogate from the regulations set at higher levels. Moreover, the equality principle between regular and temporary workers, set at a national level by Belgian law, could not be circumvented, ruling out the possibility of using agency workers for cost reasons. This principle arguably helped Belgian works councils when negotiating plant-level agreements. The equality principle as well as the fact that agency workers were institutionally represented by the trade unions empowered local employee representatives to conclude relatively low agency work thresholds with management. The outcome was different in Germany and Britain, where agency work was considered a cheap and flexible source of labor supply. In Germany, agency and regular workers are covered by

different collective agreements.[1] Compared to the metal sector agreement, the one for agency workers sets lower wages, pay premiums, and holiday and Christmas allowances, creating an incentive for management to use agency work, as illustrated by its high use across subsidiaries in Table 3. Works councils were hardly in a position to oppose this given their limited co-determination rights on this matter. Within the weakly regulated British bargaining context, the use of agency workers was relatively high. Because of the absence of sector-level bargaining, local unions were entrapped in situations in which local power imbalances influenced plant-level negotiations on flexible practices.

> *Although the law has recently changed in Britain, agency workers are still not on the same conditions as permanent ones. In practice, they are less likely to claim their rights because they're afraid of losing their job. (European Works Council member, British subsidiary)*

Moreover, wage cuts were avoided in Belgium, since the sector-level agreement prohibited reducing wages through company-level negotiations even during crisis periods. With pay not an integral part of company-level packages addressing flexibility, union capacity to guarantee income security was increased. Conversely, management was able to impose wage cuts in German and British subsidiaries. In Germany, those cuts were achieved primarily through reducing the levels of certain pay premiums (e.g., shift premiums), but also by means of a non-compensated working-time extension. Furthermore, an opening clause on wages enabling a shift from sector to local level was available, helping employers to push through flexibility-enhancing measures.

> *IG Metall has always fought against opening clauses. We want companies to stick strictly to the labor agreement. A lot of works council members complain that they feel pressured by their managers during negotiations. They are sometimes fed up with negotiating and compromising and they prefer negotiations to take place at another level and not within their company. (IG Metall official)*

[1] In Germany, agency workers are covered by the agency work sector's agreement. Since 2012 the metalworking sector agreement has encouraged works councils to locally negotiate agency work.

In Britain, wage cuts could be used since there was no sector-level agreement defining specific wage levels. Hence, cost pressure could result in pay cuts to guarantee the continuity of plant operations. In summary, the binding sector-level agreements in Belgium enabled local unions to negotiate security-enhancing practices across subsidiaries. Conversely, German works councils faced overall difficulties in negotiation, since the derogation capacity available through the bargaining system could be used discretionally by local management to push through flexibility-enhancing measures. Reflecting the local power imbalances typical of a single-employer bargaining system, management within British subsidiaries adopted a variety of flexibility-enhancing practices (see Table 3).

Explaining the Trade-Offs: Macro–Micro-Level Interaction

The case studies show various flexibility–security configurations, with different practices used in the national subsidiaries of the same MNC. Findings also illustrate that the diversity in collective bargaining arrangements within national institutional contexts can explain cross-national variations of bargaining content. In particular, differences in the bargaining structure (single- or multi-employer) and the form of opening mechanisms allowing decentralization to the company level (with or without derogation) together allowed higher or lower degrees of local discretion. This decentralization created nuanced differences in the locally negotiated flexibility and security measures, which were reflected in the negotiated outcomes or flexibility–security trade-offs. Security-enhancing (or flexibility-reducing) and security-reducing (or flexibility-enhancing) measures were identified across subsidiaries of the same multinational, depending on the extent to which the institutional context contributed to generating collective resources for workers. Sector agreements played a role in shaping subsidiary-level negotiations under multi-employer systems,

where linkage between sector and local levels was achieved through delegation (Belgium and Germany). Conversely, under single-employer bargaining (Britain), union positions were less secure due to the absence of protection provided by a sector agreement. This pattern is why, for example, British subsidiary-level agreements featured relatively more flexibility-enhancing measures through wage flexibility and the use of agency work, compared with Belgian agreements in which more security-enhancing measures were identified. Nevertheless, multi-employer systems allowing derogation from sector agreements as in Germany widened local players' room for maneuver on security-reducing (flexibility-enhancing) measures, in contrast to Belgium, where subsidiary-level management and unions could only negotiate within a framework of sector-level agreements constraining the extent to which specific flexibility practices could be used.

Moreover, we found that national regulation also influenced the extent to which bargaining content varied across the different bargaining systems, accentuating the abovementioned nuances between subsidiaries within the same MNC. This finding is exemplified by the availability of temporary unemployment schemes or the degree of regulation of external-flexibility (particularly temporary agency work). Unexpectedly, these aspects explain why local unions in Belgium negotiated working-time policies or temporary unemployment schemes to safeguard jobs instead of engaging in wage cuts, as in Germany and Britain. Additionally, the relatively high union and employer association density, which strengthens the relevance of sector-level agreements, and the union involvement in social security management, typical of the Ghent system reflecting union dominance in unemployment insurance, explains their sustained interest in negotiating temporary unemployment schemes in local-level negotiations. These features contribute to enlightening the distinctiveness of the bargaining content of local negotiations in each country. For example, subsidiary-level bargaining topics ranged from fixed-term contracts to agency work, from training

provisions and career development plans to temporary unemployment, from working-time schemes to job rotation, reflecting to a certain degree the specificity of national institutional contexts. We found no evidence of work–life balance (combination security) negotiations following this pattern across subsidiaries, which was unexpected to us. It may reflect that a one-size-fits-all solution in this field is difficult to establish, as work–life balance measures may be individually negotiated between management and employees.

The above-mentioned considerations imply that union negotiation capacity remains embedded in the respective national environments, and that the latter may contribute to shaping the dynamics and modalities through which specific bargaining outcomes are achieved. No causal relationship between national institutions and subsidiary-level flexicurity bargaining outcomes, however, was evident in the cases. This result shows that although flexibility–security practices differ in distinctive national settings, institutions—and in particular bargaining systems—are insufficient to explain the variety of flexibility–security trade-offs. These trade-offs are influenced by differences in workers' structural power within MNC subsidiaries. The case studies illustrate strong intra-country variation regarding the different trade-offs across subsidiaries, reflecting the degree of workers' structural power directly related to the subsidiaries' markets, products, technological contexts, and inter-subsidiary dependencies shaping how the subsidiary is integrated into the multinational. Unions and management compromise on various issues at subsidiary level, with outcomes not only dependent on union capacities within their own distinctive institutional contexts but also on micro-level conditions as organizational features and local contexts shaping labor power. Such complexity suggests a dynamic view of institutions influencing power relationships within different MNC subsidiaries, and it means theoretically that the capacity institutions have to affect locally negotiated flexibility–security practices is not stable but evolves

in such a way that organizational, market, and technology conditions at the micro-level play an equally important role.

We observe, for instance, that union capacity to influence negotiations is strongest in *Company3*'s and *Company4*'s subsidiaries (positive trade-offs). This circumstance is attributable to workers' high structural power (Proposition 1), explained by low levels of competition, complex technology, and differentiated products. Conversely, workforce influence is weakest in *Company1*'s and *Company2*'s subsidiaries (negative trade-offs), which is the result of labor's low structural power because of high competition, simple technology, and standardized products. However, we do also observe variation within the positive and negative trade-offs. Specifically, we identify unbalanced trade-offs in horizontally integrated subsidiaries. Likewise, balanced trade-offs compensating flexibility and security occur under vertical integration. Hence, the form of inter-subsidiary dependencies in combination with local contextual factors shape the differences within positive and negative trade-offs (Proposition 2). Vertical interdependencies increase management's vulnerability to local workers' and union action. Other than expected, we found that inter-subsidiary dependencies and contextual factors do not act independently of each other. This finding is clearly illustrated in *Company3*'s subsidiaries, in which differentiated products increased workers' local bargaining power by inhibiting inter-plant benchmarking threats by management.

Overall, the case studies reveal that the main source of differences among subsidiaries is according to MNC organizational configuration and local contextual factors while the effects of collective bargaining institutions are more nuanced. Whereas a given union's degree of influence in negotiations over flexibility and security is uneven across countries, findings illustrate that the capacity to oppose flexibility and to increase security differ with respect to company-level as well

as country-level institutional features. Both levels exercised influence, although the impact of bargaining institutions is lesser in degree than that according to company (MNC). Although this conclusion may sound empirically limitative—with research constrained to 12 subsidiaries within four MNCs—it is clear that using an interdependent framework linking national and local levels proved useful in characterizing this interaction as dynamic.

Conclusion

In this article we demonstrate the usefulness of researching the interaction between institutional arrangements, MNC subsidiary configurations, and market and technological contexts to examine subsidiary-level flexibility–security trade-offs. It underlines the importance of studying what happens below the level of national institutions, distinguishing between micro- and macro-level determinants of MNC subsidiaries' flexibility–security trade-offs. This approach reveals that trade-offs are shaped by differences in workers' structural power within the subsidiaries studied. Specifically, through their impact on local power, MNC subsidiary configurations and market and technological local contexts concur to explain the changing nature of flexibility–security trade-offs across and within countries. At the same time, differences in national institutional settings influence the content of bargaining. Specifically, they provide labor with room to maneuver when bargaining locally with management on flexibility and security measures. This influence results in different degrees to which security (or flexibility) can be enhanced or reduced in local negotiation within the distinctive flexibility–security trade-off. It implies the use of different locally negotiated measures, reflecting nationally institutionalized flexibility and security practices.

Cross-country differences lead us to assume that workers have better opportunities to resist flexibility and to enhance security in Belgium and Germany—more so in Belgium than in

Germany because of the less decentralized and more coordinated bargaining system and the stronger role of the unions—than in Britain. Most important, we found high within-country variation between subsidiaries that was consistent in its pattern across countries. Our first two propositions explain this result. We demonstrated that subsidiary-level contextual factors (competition, technology, nature of the product) affect workers' structural power on flexibility–security trade-offs (Proposition 1). We also showed that the form of inter-subsidiary dependencies or integration into the MNC influences whether labor is able to balance flexibility and security in local negotiations (Proposition 2). Given these differences, we demonstrated that diverse collective bargaining arrangements additionally affect the extent to which labor can choose specific security-enhancing or flexibility-increasing measures within each distinctive trade-off (Proposition 3). Subsidiary configurations and market and technological contexts help to understand unions' degrees of influence on flexibility–security trade-offs. This finding is relevant for the literature on flexicurity, as it shows that these configurations and local contexts, affecting negotiation processes and power relations, are as important as labor market regulatory settings for understanding flexibility–security outcomes.

Two aspects in particular stress the study's analytical and theoretical originality within the flexicurity debate. First, we address the importance of labor power shifts and dynamics within local settings in shaping flexibility–security outcomes. Second, we illustrate that bargaining arrangements affect the content but not the outcomes of local negotiations, mediating but not determining the power-related effects on flexicurity outcomes. This finding raises important analytical and theoretical implications for the literature on coalition building, union power, and resources (Doellgast 2008; Frege and Kelly 2013). Although theoretical questions on local power resources are beyond the scope of this article, the findings show that organizational configurations,

market, and technological contexts influence how unions are able to leverage collective resources to wield power in negotiating with management.

This study does, however, have some limitations. First, the empirical research was developed at a time when the effects of the economic crisis were still felt. Although we coped with this potential bias by looking retrospectively at the past 10 years when collecting the empirical data, it is likely that the crisis influenced the findings. Second, the article focused on multinationals, meaning that we do not know whether the conclusions drawn are valid for other types of companies such as SMEs. Third, the empirical study was confined to multinationals in one sector and their subsidiaries in three countries. Nonetheless, it is clear that the interdependent framework adopted, linking national and local levels, uncovered the interactive dynamic between macro and micro influences. Future research should emphasize this macro–micro interaction when studying how institutions influence power relationships within different local settings.

Appendix

[[Table A.1 right here]]

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Table 1. MNC Overview

	Company1	***Company2***	***Company3***	***Company4***
MNC features				
Origin	USA	USA	France	France
Global workforce	125,000	24,000	60,000	90,000
Sites worldwide	> 300	> 100	> 250	> 200
Products	Machines, automotive/shipbuilding components	Emission and ride control systems for automotive	Defense, security, ground transport, space and aerospace	Transport, power generation and transmission
Workforce	Mostly blue-collar	Mostly blue-collar	Mainly engineers	Mainly engineers
Customers	Private	Private	Mostly public	Mostly public
(Inter-)Subsidiary features				
International integration	Vertical	Horizontal	Horizontal	Vertical
Technology	Simple	Simple	Complex	Complex
Nature of the product	Standardized	Standardized	Differentiated	Differentiated
Market competition	High	High	Low	Low

Table 2. Operationalization of Flexibility and Security

"Flexicurity" dimensions	**Flexibility and security practices**
External-numerical flexibility	Atypical work (temporary agency work; fixed-term work; external contractors) (Keller and Seifert 2004)
Internal-numerical flexibility	Working-time flexibility (shift system, working-time accounts, overtime, flexible working week) (Wilthagen, Muffels, and Chung 2013)
Functional flexibility	Job rotation, internal mobility (Forrier and Sels 2003)
Wage flexibility	Wage reductions, variable payments systems (Glassner, Keune, and Marginson 2011)
Job security	Type of employment contract (Rydell and Wigblad 2011)
Employment security	Training, career progression, and outplacement schemes (Forrier and Sels 2003)
Income security	Wage-guarantee schemes, voluntary benefits (Bredgaard and Tros 2007)
Combination security	Work–life balance policies (Kossek and Lambert 2005)

Table 3. Summary of Local Flexibility–Security Bargained Measures

MNC	*Company1 subsidiaries*			*Company2 subsidiaries*			*Company3 subsidiaries*			*Company4 subsidiaries*		
Location	**BRITAIN**	**BEL**	**GER**	**BRITAIN**	**BEL**	**GER**	**BRITAIN**	**BEL**	**GER**	**BRITAIN**	**BEL**	**GER**
Employees	1,550	2,500	1,700	200	1,600	1,500	8,000	600	4,300	4,000	1,000	2,800
Union density (%)	70	95	80	79	95	75	30	85	25	50	95	75
External-numerical flexibility (%) (agency [AC], fixed-term contracts [FT])	30 AC	None AC; 20 FT	20 AC	7 AC	5 AC ; 10 FT	15 AC	8 AC	8 AC	3.5 AC	35–40 AC	20 AC	10 AC ; 10 FT
Internal-numerical flexibility (W-T: working-time)	Flexible shifts	Flexible shifts, W-T increase	W-T accounts, flexible working week	Flexible shifts, overtime	Flexible shifts	Flexible shifts	—	W-T reduction	W-T accounts (also lifelong)	—	—	W-T accounts, flexible shifts
Functional flexibility	—	—	—	—	Job rotation	—	Voluntary labor mobility	Voluntary labor mobility	Voluntary labor mobility	—	Job rotation, voluntary labor mobility	Job rotation, voluntary labor mobility
Wage flexibility	Cuts in pay premiums	—	Cuts in pay premiums	Wage & training budget cuts	-	Wage cuts	-	-	-	—	—	—
Job security (% of permanent contracts)	70	80	80	93	85	85	92	92	96.5	60-65	80	80
Employment security	—	Training provision	—	—	Training provision	—	Training, career planning, “graduate scheme”	Training, career planning	Training, annual development plans	Training provision	Training provision	Training, “study grant” for former apprentices
Income security	—	Temporary unemployment	Employment guarantee, short-time work	—	Temporary unemployment	Short-time work	—	Temporary unemployment	Above-tariff payment	—	—	Financial support to apprentices, short-time work
Combination security	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary-level outcome	***Balanced negative trade-off*** *(Emphasis on flexibility in exchange for short-term job security)*			***Unbalanced negative trade-off*** *(Emphasis on flexibility without security in exchange)*			***Unbalanced positive trade-off*** *(Emphasis on security without flexibility in exchange)*			***Balanced positive trade-off*** *(Emphasis on security in exchange for the flexibility of the workforce)*		

[[Appendix Table]]

Table A.1. **Overview of Interviews**

	Company1(US)	***Company2(US)***	***Company3(French)***	***Company4(French)***	***Total***
European headquarters	1	1	1	1	4
Plant-level (HR managers)	6	6	5	6	23
Plant-level (employee representatives)	10	11	9	9	39
Total per company	17	18	15	16	66
Sector-level	4				**70**